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TASK FORCE ON FOREIGN POLICY
HOUSE REPUBLICAN RESEARCH COMMITTEE
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

1416 LONGWORTH BUILDING
202-225-5725
WILLIAM D. INGLEE, DIRECTOR
RICHARD DINE, ASSISTANT DIRECTOR

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July 31, 1981

Mr. Richard Aherne
Room 7208
Department of State
Washington, D.C. 20520

Dear Mr. Aherne:

Per our conversation today, enclosed is a draft copy of the task force's report on military sales to Saudi Arabia. If published, the paper will be distributed to Republican Members of the House of Representatives as well as a small general mailing list.

I welcome any comments you may have on the paper. As we discussed, please try to have the paper reviewed by Tuesday, August 4.

Please note that this is a draft copy, and does not necessarily represent the views of Representative Coleman, or any other task force Member.

Thank you for your assistance.

Sincerely,

Richard Dine

Richard Dine
Assistant Director

Enclosure

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY F. Smelzer (MRC) DATE 10/10/85
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A. FINDLEY
WILLIAM B. BROOMFIELD, MICH.
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JOEL PRITCHARD, WASH.
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RICHARD DINE, ASSISTANT DIRECTOR

DRAFT DRAFT

Background Report 2 July 24, 1981

SAFEGUARDING SECURITY OR FOSTERING INSTABILITY:

U.S. MILITARY SALES TO SAUDI ARABIA

The Administration's plan to sell sophisticated military equipment to Saudi Arabia has provoked much debate in Congress and throughout the nation. The Administration, and groups supporting the sale, argue it is necessary to counte thr ts to Saudi Arabia's vital resources, particularly from the Soviet Union. Thos groups opposing the sale argue that it will aggravate the country's domestic instability, pose a serious threat to Israel's security, and cause further disequilibrium in the Middle East.

Assuming the Administration proceeds with the proposal, as appears likely, Congress will have the opportunity to block the agreement by passing concurrent resolutions disapproving the sale.

Background

In April, 1978, the Carter Administration for ly notified Congress of its intent to sell 60 F-15 aircraft to Saudi Arabia. his sale was part of a package which also included weapons for Israel and Egypt. A Senate resolution disapproving the sale failed in May of that year, thus allowing the sale to go through. The House took no action. At the time of the original sale, Saudi Arabia had requested various enhancements to the F-15, but these were refused by the Carter Administration, with the specific assurance to Congress that these items would not be sold to the Saudis.

However, in a letter dated April 1, 1980 to Senator Carl Levin, then Secretary of Defense Harold Brown stated taht the U.S. was beginning to look with favor on enhancing the F-15s in light of recent events in the region. On March 6, 1981, a State Department spokesman officially announced that the Reagan Administration would "shortly give notification to Congress" of its intention to sell military equipment to Saudi Arabia, including "conformal fuel tanks and AIM-9L air-to-air missiles which will augment the defensive role of their F-15 aircraft... and aerial surveillance aircraft, subject to further determination of their specific requirements. We have agreed to be responsive on providing a refueling capability. We will also conduct a technical study with the Saudis to determine their air-to-ground requirements for our defending against the threat of invasion."

On April 21, the Administration announced publicly that, subject to Congressional approval, it would sell military equipment to Saudi Arabia which included:

- Five modified versions of the AWACS (Airborne Warning and Control System)aircraft,
- AIM-9L Sidewinder air-to-air missiles,
- Conformal (external) fuel pods for the F-15s,
- Seven Kc-135 refueling tanker aircraft.

Objections to the sales were quickly raised in the Congress. Over half of the Members of the Senate spoke out against the sales in two floor colloquies in March, while over 80 Members of the House stated their opposition during floor debate. In addition, Mr. Long (D-Md.) has introduced a resolution (H. Con. Res. 118) to disapprove the prospective sale which has 220 co-sponsors, while fifty-four Senators have sent a letter to the President, requesting he cancel the proposal (the letter was sent June 24, after Israel's raid on Iraq's nuclear reactor).

If the Administration decides to formally offer the equipment to Saudi Arabia, Congress will have the opportunity to consider the issue. Under Section 36 (b) of the Arms Export Control Act, Congress must review any proposed military sales in excess of $25 million. The Act reads in part:

> "In the case of any letter of offer to sell any defense articles or services under the Arms Export Control Act for $25,000,000 or more,...before such letter of offer is issued, the President shall submit to the Speaker of the House of Representatives and to the Chairman of the Committee on Foreign Relations of the Senate a numbered certification with respect to such offer to sell containing... information regarding the material to be sold and the reasons for the sale. The House International Relations Committee can also request specific information regarding the nature and rationale for the sale ...The letter of offer shall not be issued if the Congress, within 30 calendar days after receiving such certification, adopts a concurrent resolution stating that it objects to the proposed sale, unless the President states in his certification that an emergency exists which requires such sale in the national security interests of the United States."

If one or both Houses does not pass a resolution of diapproval, or does not vote at all, then the sale can take place as outlined in the original letters to Congress

The Military Equipment

Since to date no notification has been made to Congress, and since some details have yet to be agreed to with Saudi Arabia, any discussion of the arms package is speculative. However, Administration officials have publicly outlined likely components of the package, which include:

Five AWACS E-3A Sentry Aircraft: The most controversial portion of the arms package, AWACS (Airborn Warning and Control System) aircraft is a battle-managment aircraft capable of both detecting enemy aircraft movements and alerting friendly fighter aircraft to such movements. The AWACS is a modified Boeing 707-320B with a radar mounted on the fuselage. The AWACS for Saudi Arabia would cost about $190 million. At its standard altitude of 30,000 feet, it can detect even low-flying targets within a 250 mile radius, and high flying aircraft within 350 or more miles. Computers on board the aircraft distinguish between moving objects, and can keep track of hundreds of aircraft at once. Using this information, and relaying it to ground stations, commanders are better able to coordinate attacks on enemy aircraft. In testing of the AWACS in the U.S., 134 aircraft working with AWACS were able to

stand off 274 aircraft lacking AWACS' support. U.S. AWACS also have a variety of intelligence-gathering capabilities beyond aircraft tracking, but Administration officials say the final package for Saudi Arabia will not include these capabilities. Only the U.S. and NATO currently operate AWACS, though Israel operates U.S.-built Hawkeye aircraft, and the British operate their own surveillance-battle management plane, the Nimrod. Four U.S. AWACS have been operating in Saudi Arabia since the outbreak of the Iran-Iraq war in September, 1980, under U.S. control and by U.S. personnel. manned

F-15 Eagle: Since the remainder of the military package supplements the 60 F-15s sold to Saudi Arabia in 1978, it is first necessary to understand the capabilities of the F-15. A twin-engined supersonic fighter aircraft, the Eagle is one of, if not the, world's best aircraft. It is capable of handling a variety of missile and bomb deployments, some of which are discussed below, and has a range, without refueling, of about 450 miles (depending upon flight conditions). The F-15 is an all-weather multi-purpose fighter which can travel at more than two-and-a-half times the speed of sound. It is designed to locate, identify, and destroy any aircraft currently in service, or expected to be flying in the 1980s.

Conformal Fuel Tanks (CFTs): These external fuel tanks, also known as Fuel and Sensor Tactical (FAST) packs, provide an additional 75% fuel capacity for the F-15s, thus increasing their range from about 450 to 1,000 miles, depending upon flight conditions.

AIM-9L Sidewinder Air-to-Air Missiles: This short-range missile is the most sophisticated in its class, utilizing infrared homing (heat seeking) technology to track and destroy enemy aircraft. Fired within visual contact of the enemy aircraft, the Sidewinder can be fired from any angle, including head on attacks. Few missiles can work accurately in head-on attacks, making Sidewinder highly effective.

Aerial Refueling Aircraft: The KC-135 aerial tanker can provide in flight refueling for both F-15s and AWACS. With the tankers, the Saudis would be able to fly their F-15s practically anywhere in the Middle East and Persian Gulf/ Indian Ocean region, as well as permit AWACS to be aloft for longer periods, including 24 hour per day coverage during periods of peak alert.

Debate over the Proposed Sale

Debate over the proposed sale centers on a varity of concerns, including:

Saudi Defense strategy: Saudi Arabia's large size, sparse population, and concentration of strategic oil deposits makes defending the country difficult. Saudi Arabia produces more oil than the U.S., yet all of its oil is concentrated in a small area bordering on the Persian Gulf. The Saudi fields are extremely vulnerable. The oil fields are located near Iraq, and are less than 1000 miles from the Soviet border. The purpose of the original F-15 sales was to help Saudi Arabia defend against possible Soviet aggression. Since 1978, however, the threat to Saudi Arabia has increased. With the fall of the Shah, and the Iran-Iraq war, the likelihood of an attack from Iraq or its neighbors has increased. Increased Soviet influence in Somalia and South Yemen, and the Soviet invasion of Afghanistan, makes the Soviet threat to Saudi Arabia even more credible. apparent.

The new package is designed to meet these threats. FAST packs increase the range of the F-15 to allow it to be based deep within Saudi territory, minimizing the likelihood of a surprise attack that could destroy the aircraft. Sidewinder missiles make the aircraft more effective in an attack.

The AWACS serve a twofold function. Operating 24 hours a day during periods of tension, AWACS provide an early warning system allowing Saudi Arabia to mobilize its enhanced F-15s to combat an enemy force before it can destroy the oil fields. No ground system can provide sufficient warning due to the region's topography -- Saudi Arabia is largely flat along its eastern coast cut off by mountains in Iran. AWACS also improve the F-15s performance, allowing them to combat more enemy aircraft. This "multiplier" effect is important, because Saudi Arabia has such a small army, 44,500 people plus 20,000 in the National Guard, that it must make maximum use of its weapon systems.

Sheik Yamani, Saudi Arabia's Oil Minister, summed up the strategic importance of the equipment by saying: "We are surrounded by all types of countries who are focusing on the oil fields....and we think Saudi Arabia has to be strong and we cannot be strong enough to defend our interest, which happen to be your own interests, without getting these arms."

Even with the enhanced equipment, however, Saudi Arabia could not ~~likely~~ defend itself against a major Soviet attack. Saudi Arabia currently has only a minimal capacity to defend the oil fields, and yet they have not, to date, been attacked. Critics of the sale contend that the only effective deterrent to a large-scale attack on Saudi Arabia is the threat of U.S. retaliation. In addition, since Saudi Arabia provides significant funds to countries throughout the region, it is unlikely that any of its neighbors's would conduct air strikes against the oil fields. Critics contend, therefore, that while the AWACS and F-15 enhancements might strengthen Saudi defenses, these defenses would be both too weak to defeat a major invasion while being able to only defend against countries unlikely to attack.

Saudi Internal Stability: Proponents of the sale argue that it is not repeating U.S. policy towards Iran. They contend that Saudi Arabia is far more stable than was Iran under the Shah. The country's fantastic oil wealth, which is carefully spread throughout the populace, gives all sectors in Saudi society an important stake in the current government. Unlike the Shah, the Saudi princes are careful to pay homage to the country's religious tradition, and to listen closely to their populace. Under the informal consultative process, any Saudi can meet with the King or with a member of the princely family to express grievances. Finally, the 150-200,000 Palestinian refugees living in Saudi Arabia, though not citizens, have also been given an important economic stake in the country, making them less likely to subvert the regime.

Critics of the sale note that Iran was considered stable in 1977 when the U.S. agreed to supply AWACS (though these were not delivered). In addition, there are sources for instability in Saudi Arabia. It has one of the last absolute monarchies left in the world. While peaceful change could bring a more modern form of government, the assault on the Mecca mosque by Moslem fundamentalists in 1979 indicates change need not be peaceful. Besides Palestinian refugees, a number of indigenous groups in Saudi Arabia could prove difficult for the current government to control. Shia Moslems live near the strategic oil fields, account for 15% of the total population, and could be influenced by the revolutionary fervor of Islamic Iran. About one-third of the people in Saudi Arabia are not Saudi. While all figures are speculative, and subject to debate, it appears that there are 7 million people in Saudi Arabia, of which 2-2½ million are foreign. Foreigners account for ½ o the workforce in the cities, and a larger percentage of people living in urban areas. Finally, the massive infusion of oil dollars into modernization programs has been forcing economic and social change at an ever-increasing pace, a development which could eventually threaten social cohesion. These factors taken together have led

some experts such as former CIA director Stansfiled Turner to conclude that the proposed military package for Saudi Arabia is harmful to the country because it detracts from the Saudi's true defense needs, which are protection of the country against internal subversion.

No one believes the Saudi Arabian government is likely to face internal subversion or overthrow in the immediate future. The country's vast oil wealth and small population likely gives it greater stability than other countries in the region. Nevertheless, critics of the arms sale contend that by giving Saudi Arabia some of the most sophisticated U.S. weapons available, U.S. security interests, particularly in the sensitive technology area, could be seriously harmed.

The U.S.-Saudi "Special Relationship": Those in favor of the arms sale point to Saudi Arabia's important oil resources, and favorable oil policies, as signs of a strong U.S.-Saudi relationship, one which the U.S. can strengthen by supplying defensive weaponry. In particular, both Saudi Arabia and the U.S. have important strategic and economic interests.

Both the U.S. and Saudi Arabia are concerned about the military situation in the Middle East. According to the U.S. Joint Chiefs of Staff FY 1981 report on U.S. military posture, close U.S. ties with major oil producing countries is imperative in light not only of U.S. oil needs but also the almost total dependence on Persian Gulf oil by Japan and much of Western Europe. The principal threats to U.S. interests in the region are political instability, aggression by local powers against friendly states, and direct Soviet intervention. From Moscow's perspective, according to the JCS report, the region is Russia's natural gateway to Africa, the most convenient air and land corridor to the Indian Ocean, and effective access to the relatively unprotected southern flank of NATO. Soviet borders reach within 600 miles of the Persian Gulf, giving the U.S. a distinct geographic disadvantagein the region. The U.S. has already secured access to some facilities in Oman, Somalia, and Kenya which will help give the U.S. a credible and rapid presence in the Gulf region. But more access is needed.

Problems regarding U.S. credibility and access have been aggravated by a perception among states in the region, and Saudi Arabia in particular, that the U.S. cannot provide credible assistance to its allies. U.S. resignation to Soviet-Cuban military involvement determining the outcome of local wars in Angola and the Horn of Africa, the recognition of the People's Republic of China at the expense of Taiwan, and the inability of the U.S. to support the Shah have all contributed to the perception of U.S. weakness and unreliability. Proponents of the military sales view them as an important step to building credibility not only to deter Soviet aggression, but also to impress upon U.S. allies in the region that the U.S. is committed to their security.

Critics of the proposed sales generally acknowledge U.S. strategic concerns in the region. However, they argue military sales do not guarantee support among countries in the region for U.S. policies. Only Egypt has offerred the U.S. military bases. Saudi Arabia still emphsizes the threat from Israel, rather than the Soviet Union. Saudi Arabia has also not moderated its position on such issues as the Camp David accords, despite U.S. agreement to supply the original F-15s. Critics of the current sale argue that there is little reason to believe that enhanced F-15s will cause the Saudis to support more closely U.S. strategic interests in the region.

The second area of mutual interest regards oil production. In 1980, Saudi Arabia produced 9.9 million barrels per day (Mb/d), second only to the Soviet Union

in oil production. Saudi Arabia supplies 1.2 Mb/d to the U.S., which in turn consumes a total of 15 Mb/d. Saudi Arabia's importance to the world oil markets is further demonstrated by the current excess of oil on the market, which has lead to a decline in world oil prices. These actions are largely the result of Saudi Arabia's willingness to produce over 9 Mb/d, as well as to keep its prices low.

Saudi Arabia's oil policies are not, however, based solely on U.S. interests. Since the 1978 F-15 sales the price for Saudi crude oil has doubled. Sheik Yamani explained that Saudi Arabia encourages lower prices than other OPEC members because its oil reserves are so vast, 177.8 billion barrels, it fears raising the price lest oil consumers from finding alternatives to oil which could eventually render Saudi reserves useless. Other factors in Saudi oil pricing policy, according to various experts, include: protecting the value of the U.S. dollar, since Saudi Arabia maintains most of its assets in dollars; protecting the value of its foreign investments in the U.S. and Europe; and averting political crises.

There is also debate over the consequences of a decision by the U.S. not to supply the arms. Proponents of the sales note that Saudi Arabia can purchase British Nimrod surveillance aircraft, and French fighter planes, instead of U.S. models. Such purchases would weaken U.S. control over Saudi weapons and basing. Opponents of the deal not that Saudi Arabia will still have to rely on U.S. deterent force to discourage the Soviets and others from attacking, so the U.S. will still have leverage with the Saudis. Proponents of the sales also point to to statements by Sheik Yamani that the Saudis could easily cut oil production to 4 Mb/d, rather than the current 9 to 10 Mb/d, without adverse economic effect to Saudi Arabia, but with tremendous implications for the West. However, opponents of the sale take care to note that Saudi Arabia's current budget of $96 billion per year, and oil income of $120 billion, makes large cutbacks potentially difficult.

Israel's Security: At his appearance in the U.S. on Meet the Press, Sheik Yamani stated that "we [the Saudis] believe that the Soviets are a threat, but we also believe that the Israeli's are a threat much greater than the Soviet one." At the 1981 Islamic Conference held in Taif, Saudi Arabia, Crown Prince Fahd

> "asserted that the call on Arabs and Muslims for long and persistent holy jihad is the only reply ... now that talk of peace with the Israeli enemy has become a mere illusion." In 1980, the Crown Prince had also called for a jihad against Israel, which he then defined as "a united, comprehensive, integrated Arab-Islamic confrontation in which we place all our resources and our spiritual, cultural, political, material and military potentials in a long and untiring jihad, starting with purifiying our souls and hearts of all rancours, hatred and differences." (Saudi Press Agency, January 21, 1981; and September 17, 1980 respectively, as translated by the FBIS).

The Administration also acknowledges that the weaponry could pose a threat to Israel. However, it asserts that Israel will be able to meet that threat, and that the U.S. will take additional steps to ensure that Israel can match the Saudi increased military capabilities.

Furthermore, the aircraft will likely be based in Taif and Khamis Mushyat, which are far from the Israeli border. The AWACS the U.S. sells Saudi Arabia will lack certain intelligence-gathering capabilities to limit their effectiveness against Israel. Israel will also not lose significantly any current opportunities for surprise since, due to the topograhy of the Israel-Saudi border, Saudi ground stations can already monitor Israeli activity about as closely as Saudi AWACS.

The Administration has stated it will help Israel protect itself against Saudi aggression. Though no plans have been specified, it appears likely the U.S. will sell Israel additional military hardware specifically to compensate the country for the additional burden of defending against Saudi weaponry. In addition, the U.S.

will maintain significant control over the weaponry provided to Saudi Arabia. Saudi Arabia will have to rely on the U.S. for training and spare parts. Not only will U.S. personnel be actively involved in operation of the aircraft until the early 1990s, but Saudi Arabia will not receive its AWACS until 1985. Until then, the U.S. can operate its own AWACS with its own personnel in Saudi Arabia.

Despite Administration reassurances, opposition to the sales stems largely from concern for Israel's security. AWACS, F-15s, and Sidewinder missiles are the most sophisticated military equipment available anywhere in the world. Israel has never been able to compete with the size of the combined Arab military forces. The only way Israel has been able to survive three full-scale wars since becoming a State has been by its qualitative superiorit in equipment, training, and moral. Although Israel won the 1967 war with relative ease, in 1973 it sufferred major casualties as a result of improved Arab military forces. To give Saudi Arabia the most sophisticated weapons available would reduce Israel's qualitative superiority even further; Israel would no longer have a monopoly on the most sophisticated weapons in the region. In another Arab-Israeli war Israel would be forced to face not only numerically superior Arab armies, but also at least limited quantities of equally sophisticated equipment, should Saudi Arabia take part.

Sheik Yamani has said that Saudi Arabia has no plans to fight Israel, and no one doubts Israel could easily defeat Saudi Arabia's enhanced air force alone. But even if Saudi Arabia did not want to fight in an Arab-Israeli war, it would be difficult for the Saudi leadership to resist Arab pressures to commit its weapons to combat; likewise, Israel would be forced to commit resources to defend against a possible Saudi attack, even if it never materialized. In 1948, 1967, and 1973 Saudi Arabia played a minimal military role in the wars, in part because it had little or no military to supply. What little it did have, Saudi Arabia was willing to deploy, though not always in an active combat role. Saudi Arabia did, however, help to finance these wars, particularly when it reportedly provided massive financial assistance to Egypt to pay for Soviet hardware, in 1973.

The Mideast Arms Race: Should the U.S. fail to sell the weaponry, Saudi Arabia could purchase weapons from other countries. France and Britain have provided weapons in the past, and could offer sophisticated hardware to the Saudis. The British Nimrod surveillance aircraft has already been mentioned. If such sales occur, Israel's qualitative superiority would be diminished. In addition, the U.S. would have no influence over Saudi deployment of the foreign-bought arms, making it more likely Saudi Arabia might deploy these weapons against U.S. interests. U.S. military equipment is more sophisticated than any other country's, but some European nations have weapons of sufficiently high sophstication to meet most of Saudi Arabia's needs, and pose a threat to Israel. Proponents of the U.S. sales argue that it is better to sell to Saudi Arabia than to allow it to purchase weapons somewhere else, thus greatly reducing U.S. leverage.

Critics of the proposed sales maintain that it will encourage other countries to seek sophisticated arms, raising the technological level of weapon systems in the region. Saudi Arabia alone has purchased $34 billion worth of U.S. military equipment since 1973, accounting for 36% of all U.S. foreign military sales since that time, according to the Center for Defense Information. With Saudi Arabia ranked sixth in terms of military expenditures for 1980, critics of the arms sales argue the U.S. should not sell its sophisticated weapons simply because another country might sell its weapons. Instead, critics argue, the U.S. should discourage such sales, and insure that Israel has the weapons needed to offset any such sales.

Honoring Commitments: An important element in the debate over the sales will be the nature of U.S. commitments to Saudi Arabia and the U.S. Congress. Proponents of the sale argue that for Congress to cancel it now would undermine the Administration's credibility to enter into agreements, as well as undermine its efforts to develop a coherent approach to the region. This sale is the first major concrete step the new Adminsitration has taken in the Middle East, outside of Habib's mission to Lebanon, and is part of its effort to bring stability to the region. For Congress to vote against the sale would mean rejecting not only the sale itself, but also the Administration's first step in building a Middle Eastern policy. Finally, it would antagonize the Saudis. As Sheik Yamani said on Meet the Press, "We got a promise from this government that it will be done and we think it will be done."

Critics of the sale argue that no promise could have been made, since all parties knew the proposal would have to be reviewed by the Congress. In addition, critics charge that the Administration is violating a stronger commitment, one the Carter Administration made to the Congress when proposing the original 1978 F-15 sale. In his letter of May 15, 1978 to the Chairman of the Senate Foreign Relations Committee, then Defense Secretary Harold Brown stated that "Saudi Arabia has not requested nor do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of the F-15." ~~These~~ Critics charge that the current proposal violates the earlier specific commitment not to sell such enhancements. The Reagan Administration argues, however, that new developments since 1978 -- the fall of the Shah, the Iran-Iraq war, and the Soviet invasion of Afghanistan -- have increased the threat posed to Saudi Arabia and to U.S. interests in the Persian Gulf, thus making the sale of enhanced equipment necessary.

Outlook

The Administration expects to produce the final detailed agreement with Saudi Arabia over the terms of the sale in the near future, at which time it will make informal notification to the Congress. Formal notification will likely take place in early or mid-September. Once formal notification is made, the sale can be blocked if both the House and the Senate pass identical resolutions disapproving the sale.

It is not possible at this writing to know what specific items will be included in the sales package, though the components as outlined to date by the Administration have been noted. In particular, Congressmen will likely watch a number of yet undetermined aspects of the package, including:

--The precise equipment to be included in the AWACS; specifically, intelligence gathering equipment which could monitor Israeli military activity, and communication equipment allowing the Saudis to coordinate activities with other Arab armies. In addition, the role of U.S. personnel in operating the aircraft and access by the U.S. military to information gathered by the AWACS will be of concern;

--controls on the AWACS and Sidewinder missiles to insure that U.S. military secrets cannot be compromised;

--a quid pro quo; while specific or public Saudi commitments to support U.S. Middle East policies in exchange for the weapons are likely, some signal towards moderation could be of concern to the Congress;

--compensation to Israel for increased Saudi strength; while it is not likely that there will be a formal military package offered to Israel simultaniously with the Saudi proposal, the Administration has indicated it may provide increased arms to Israel as compensation, and further clarification of this offer could be made with the sale.

There will likely be heated debate on the proposed military sale, regardless of the specific nature of the proposal. The need to protect access to critical oil supplies, the need to preserve Israel's security, the need to limit Soviet influence in the region, and the need to preserve relations with countries throughout the region, combine to make this issue extremely important, one which will affect future policies towards the Middle East.

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